



P.O. Box 2749
Sacramento, CA 94229-95812-2749
Telecommunications Device for the Deaf - (916) 795-3240
(916) 795-3400; FAX (916) 795-3330

December 15, 2008

AGENDA ITEM 3b

TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE

- I. SUBJECT:** Technical Revision of Policies to Reflect Benchmark Name Change
- II. PROGRAM:** Total Fund
- III. RECOMMENDATION:** Recommend to the Investment Committee approval of Technical Revision of Policies to Reflect Benchmark Name Change
- IV. ANALYSIS:**

On September 20, 2008, Barclays Capital Inc. acquired Lehman Brothers' North American investment banking, capital markets, and private investment management businesses. As part of the transaction, Lehman Brothers' indices are now owned by Barclays Capital. Barclays Capital recently announced that it changed the name of the Lehman Brothers indices. The table below lists the Investment policies affected by this change and the new benchmark name. This is a technical name change only; Barclays has made no changes to how the benchmarks are calculated.

With the Committee's approval, staff will effectuate the technical changes to the pertinent policies. Unless otherwise desired by the Committee, Staff would not bring all the specific technical revisions forward to the Policy Subcommittee and the Investment Committee for approval.

Wilshire Associates opinion letter is included as Attachment 1.

Policy Name	Last Approval Date	Prior Benchmark Name	New Benchmark Name
Global Fixed Income	5/12/08	Lehman Brothers Long Liabilities Index	Barclays Capital Long Liabilities Index
Lehman Aggregate Program (Will be re-named to Barclays Aggregate Program)	5/12/08	Lehman Brothers Aggregate Index	Barclays Capital Aggregate Index
Treasury Inflation Protected Securities	5/12/08	Lehman Brothers TIPS Index	Barclays Capital TIPS Index
Inflation-Linked Asset Class	2/19/08	67% Lehman Total U.S TIPS Index plus 33% Custom Lehman Global Inflation Linked Bond Index ex TIPS, unhedged.	67% Barclays Total U.S. TIPS Index plus 33% Custom Barclays Global Inflation Linked Bond Index ex TIPS, unhedged.
SIP CalPERS Risk-Based and Target Retirement Date Funds	8/18/08	Lehman Brothers TIPS Index	Barclays Capital TIPS Index

As a result of Lehman Brothers, Inc. filing for bankruptcy and termination as a broker dealer, two other policies will be affected.

- Lehman Brothers Inc., will be deleted from the eligible counterparties list for the Low Duration Fixed Income Program Investment Policy;
- Lehman Brothers, Inc., will be deleted from the Approved Borrowers List for the Securities Lending Program Investment Policy.

V. STRATEGIC PLAN:

This item is consistent with the Strategic Plan: Goal VIII, manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits and second to minimize and stabilize contributions.

VI. RESULTS/COSTS:

There are no material costs associated with this agenda item.

Curtis D. Ishii
Senior Investment Officer
Global Fixed Income

Geraldine Jimenez
Division Chief
Supplemental Income Plans

Farouki Majeed
Senior Investment Officer
Asset Allocation/Risk Management

Anne Stausboll
Interim Chief Investment Officer